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August 9, 2010

Mr. Lantz Indergard, P.G. Environmental Manager Lisbon Valley Mining Company P.O. Box 400 Moab, UT 84532

Dear Mr. Indergard:

Subject: DWQ Approval to Place Ore on Retreats 11 and 12 of Stage 3 Heap Leach

On May 22, 2007, the Division of Water Quality (DWQ) approved design changes requested for the Lisbon Valley Mining Company Stage 3 and 4 Heap Leach Facility Expansion. Construction of the earthwork and liner system for Stage 3 was completed during the summer and fall of 2007. However, the completed construction was not inspected or approved at that time, and therefore was not put into use. Lisbon Valley Mining Company is now ready to put this liner system into use. Because the liner did not have any protective cover, Mr. Indergard explained that a thorough inspection of the liner was completed and a few repairs were required. Areas where holes were identified during the inspection were cut out and a patch was installed. Areas that had dimples and significant scratching were also repaired by extruding a bead of HDPE on the area in question.

On July 27, 2010, I made an extensive walkover of Retreats 11 and 12 of Stage 3 while conducting a final inspection. During the inspection, I found two problem areas that had been marked put did not appear to have been repaired. After notifying Doug Ewart of those two areas, I observed the subsequent repair work and the final inspection was completed.

A review of the As-Built Construction Quality Assurance and Quality Control Report was prepared for all testing that was completed and documented as required. Based on a review of the construction certification documentation and the final inspection, DWQ hereby approves the use of Retreats 11 and 12 of Stage 3.

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Mr. Lantz Indergard August 9, 2010 Page 2

If you have any questions about this letter please contact me at (801) 536-4353 or wwcampbell@utah.gov.

Sincerely,

Woodrow W. Tamplell

Woodrow W. Campbell, P.E. Environmental Engineer Ground Water Protection Section

WWC/RFH

Cc: David Ariotti, SE District Engineer Southeast Public Health Department

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